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Progress toward health insurance

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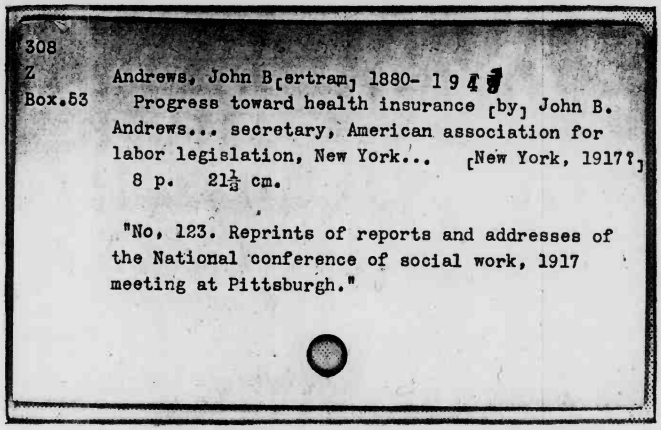

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Progress Toward Health Insurance*

John B. Andrews, Ph. D., Secretary, American Association for Labor Legislation, New York

Progress toward workmen's health insurance has probably aroused more earnest discussion in a greater number of interested groups than has any other single campaign in the whole field of social legislation. Following as a logical next step the enactment within seven years of workmen's compensation laws in four-fifths of the American states and territories,—and with America stigmatized as the only important industrial nation of the world without compulsory health insurance,—it is natural that definite proposals for publicly insuring against the wage-earners' sickness should have excited exceptional comment. Undoubtedly, too, the method by which the legislation was presented had something to do with the spirited discussion of its merits—an educational effect of justly reputed value in our political democracy.

The definite health insurance program was formulated by a special national committee whose members had been most active in consistently working for adequate standards in workmen's compensation laws. With a preliminary conference in Boston in December, 1912, at the annual meeting of the American Association for Labor Legislation, this committee organized the First National Conference on Social Insurance, held in Chicago in June, 1913. One year later "tentative standards" were widely distributed for criticism and suggestions and as a result of numerous meetings and much correspondence with representatives of labor, employers, and physicians, the first tentative draft of an act for health insurance was published in November, 1915. Second and third revised editions with explanatory notes have resulted in a preliminary distribution of more than 25,000 copies while reprints in professional and trade journals and in pamphlets represent an additional circulation of at least double that number. Every effort has been made to stimulate helpful discussion, both sympathetic and hostile. Although still in tentative form probably no piece of social legislation in this country has had more careful preliminary consideration. The educational results have amply justified both the method and the effort.

Principles of the Standard Bill

In brief, the standard health insurance program is the result of a growing conviction that sickness is one of the principal causes of poverty,

*No. 123 Reprints of Reports and Addresses of the National Conference of Social Work, 1917 Meeting at Pittsburgh.

that sickness is an insurable risk, that existing agencies for meeting the problem are inadequate and place upon those who do insure against sickness an unjust and unnecessarily high burden and this without fully utilizing the preventive value of mutually administered workmen's insurance.[1] Provision is made for the universal application of health insurance to all workers earning less than a specified amount by requiring that while at work a few cents per week, based upon and deducted from earnings, shall be placed in a fund, under state supervision, to which the employer contributes a like amount and the state one-half as much. The system is non-contributory for workers receiving less than a specified minimum wage. When incapacitated by illness or by accident not covered by workmen's compensation, the workman would be entitled to receive at the expense of the fund adequate medical, surgical and nursing care and two-thirds of wages until able to resume work, but not for more than twenty-six weeks' incapacity in any one year. For fatal cases a funeral allowance of $100 is provided, and for women workers and for the wives of insured men provision is made for maternity care. Administration of this insurance recognizes trade union funds, establishment funds and fraternals as approved societies but encourages the formation of mutual local or trade funds to be jointly conducted at actual cost. No provision is made for recognizing profit-making or commercial insurance companies.

Endorsed by Official Commissions

Bills based upon this standard measure were introduced in three legislatures in 1916 and in a dozen states in 1917. Meanwhile official social insurance commissions in California and Massachusetts were investigating and early in 1917 the California commission announced that, in a survey of the social insurance field, it had reached the unanimous conclusion to center all efforts upon health insurance as the logical and most practical next step following workmen's compensation. The commission concisely stated unanimous agreement in the following sentence:

> In order to meet the problems of destitution due to sickness, and in order to make health insurance a valuable adjunct to the broad movement for the conservation of public health, any legislation on this subject should, in the opinion of the commission, provide (a) for a compulsory system for the conducting of the insurance by non-profit making insurance carriers; (b) for a thoroughly adequate provision for the care and treatment of the sick, and (c) for contributions from the insured, from industry and from the state.

The Massachusetts commissioners attempted by means of subcommittees to deal with the whole field of social insurance during the brief half-year between legislative sessions and naturally arrived at conclusions not entirely acceptable to all of the members of the commission. In endorsing the principle of health insurance, however, the commission was unanimous. A majority of the members were furthermore in accord with the main provisions of the health insurance bill introduced this session in the Massachusetts legislature, and believed that the system, to be effective, must be compulsory and that the cost should be distributed among employer, employee, and the state. The major report, submitted by the sub-committee on health insurance, was signed by four commissioners, including the chairman of the commission. Briefly, the report in its recommendations agrees in most particulars with the conclusions reached independently on the opposite coast by the California commission. The Massachusetts report recommends compulsory, contributory workmen's health insurance legislation, with private stock companies operating for profit excluded from the field. "The plan of insurance," states this report, "most likely in our opinion to prove successful is one in which the carriers are mutual associations managed by employers and employees, equally." Thus the Massachusetts report agrees in this particular also with the legislative proposal of the American Association for Labor Legislation.

Executive encouragement to the health insurance movement was not lacking. Governor Hiram W. Johnson, in commending the work of the California commission, said in his message to the legislature: "I believe in health insurance, and that ultimately it will be established in our nation, and this within a brief period." Governor Samuel W. McCall in his inaugural address urged the Massachusetts legislature to enact compulsory health insurance, saying: "I am strongly of the opinion that there is no form of social insurance that is more humane, sounder in principle, and that would confer a greater benefit upon large groups of our population and upon the commonwealth as a whole than health insurance."

Eight States Making Investigations

In California it was believed that a peculiar constitutional restriction in that state might endanger the safety of compulsory, contributory health insurance, and the legislature therefore promptly passed through both houses for the ratification of the people a constitutional amendment declaring it to be "the policy of the State of California to make special provision for the health and welfare of those classes of persons, and their dependents, whose incomes, in the determination of the legislature, are not sufficient to meet the hazards of sickness. The legislature may establish a health insurance system, applicable to any or all such persons, and for the financial support of such system may provide for contributions, either voluntary or compulsory, from such persons, from employers, and from the state by appropriations."

In order to continue the work of education and legislation in California there was appropriated for the expense of the commission an additional sum of $22,500. In Massachusetts where the momentary confusion which accompanied our nation's entrance into the war gave a temporary set-back to all social legislation there was later provided a special recess commission, this time to concentrate on health

[1] See address by Professor Irving Fisher, "The Need for Health Insurance," *American Labor Legislation Review*, March, 1917, pp. 9-23.

insurance, with the usual arrangement as to necessary expenses. In Illinois and Pennsylvania health insurance commission bills were enacted with expense appropriations of $20,000 and $5,000, respectively. Ohio created a commission to study both health insurance and old age pensions and voted $25,000 for the purpose. Wisconsin, moved by a growing sentiment for health insurance legislation, authorized official study of social insurance and appropriated $5,000. Connecticut embodied health insurance in an omnibus commission study bill, and the New Jersey commission to inquire into old age dependency and insurance reached the conclusion that any comprehensive plan for old age relief should be preceded by universal workmen's health insurance. Thus in no less than eight states official investigation of health insurance is under way.

This rather remarkable progress toward health insurance was no doubt stimulated to a degree by various official reports. Following a two years' survey of occupational diseases under the general direction of Dr. Emery R. Hayhurst, the Ohio State Board of Health declared that "Underlying the high sickness and death rate prevalent among wage-earners is the industrial factor," that inadequate legislation and inefficient inspection are due to lack of interested co-operation from employer and employee, and that "until some direct incentive to improve factory sanitation is offered little real progress can be hoped for. The cash value set upon health by health insurance promises the needed stimulus." In harmony with this conclusion was a special bulletin on health insurance issued by the United States Public Health Service, in which a compulsory, contributory system mutually managed and without opportunity for profit-making was strongly recommended. Similar to this in effect was the conclusion of the United States Commission on Industrial Relations. Finally the United States Commissioner of Labor Statistics in a brilliant paper before the International Association of Industrial Accident Boards and Commissions, of which he is the distinguished secretary, is strongly on record as favoring "health insurance—universal, compulsory, state health insurance—true social insurance."[2]

A Rapidly Increasing Public Demand

Scarcely less important than the official steps noted above have been the many endorsements of health insurance by private organizations. Closely following the tentative standards drawn up by the Association for Labor Legislation have come vigorous expressions of approval from numerous labor, civic and medical societies and from forward-looking employers.

In addition to local trade unions and city central organizations throughout the country more than a dozen of the most influential state federations of labor and national and international trade unions have

[2]Royal Meeker, U. S. Bureau of Labor Statistics, *Bulletin No. 210*, pp, 337-251.

adopted resolutions favoring the principle of health insurance and have left no doubt as to their stand in reference to commercial insurance participation. Opposition to such profiteering is thus pointedly expressed in the resolution adopted last November by the American Federation of Labor:

> RESOLVED, That the American Federation of Labor in Thirty-sixth Annual Convention assembled, declares against private insurance, or insurance for profit, as it may apply to industrial, social or health insurance.

Among a large number of outstanding leaders in the American labor movement who are on record in favor of health insurance are John Mitchell and James M. Lynch, who are now members of the New York Industrial Commission; James Duncan, the president of the Granite Cutters' International Union and First Vice-President of the American Federation of Labor; and William Green, Eighth Vice-President of the American Federation of Labor and Secretary-Treasurer of the United Mine Workers, the largest trade union in America.[3] The National Women's Trade Union League at its convention in June, 1917, went strongly on record for health insurance, including maternity care, for the millions of women workers.[4]

Organizations of employers have been less ready to go publicly on record for a system of health insurance which is bound to cost them a considerable initial outlay no matter what returns they later receive through the increased efficiency and contentment of a healthy working force. But even here, as in the case of the Boston Chamber of Commerce, desire has been expressed to have the subject studied, and the best informed employers have not hesitated to say that they regard the coming of health insurance as inevitable. Ferdinand C. Schwedtman who, as chairman of an important committee of the National Association of Manufacturers made a study of European experience with social insurance, in a preliminary report in 1914 said: "I give it as my opinion that sickness insurance of some kind, with compulsory contributions on the part of the employers, will be enacted into law by many states of the Union within the next five years, and that now is the time to go into this subject thoroughly." The National Association of Manufacturers committee, now under different leadership, has not been able to reach and maintain this open-minded attitude. By way of comparison it is interesting to note the following conclusion reached in 1916 by the

[3]See address by Mr. Green, *American Labor Legislation Review*, March, 1917, pp. 91-95.

[4]In harmony with this sentiment is the following conclusion: "A governmental system of sickness insurance is preferable because: More democratic; the benefits would be regarded as rights, not charity. Compulsory features, obnoxious under private insurance, would be no longer objectionable. . . . European experience has proved the superiority of government systems to private insurance."—*Final Report*, U. S. Commission on Industrial Relations; signed, among others, by John B. Lennon, Treasurer, American Federation of Labor; James O'Connell, Second Vice-President, American Federation of Labor; Austin B. Garretson, President, Order of Railroad Conductors.

committee on public relations of the American Electric Railway Association:

> The benefits of health insurance can only be made wide-spread by making insurance compulsory. Compulsory insurance can be best introduced by the employer making a substantial contribution toward the cost of insurance, considering such contribution as a part of the wage payment and an element in the cost of production.
>
> Just as the compensation of the machine which has outworn its usefulness is chargeable to the productive process, so it is now considered that the cost of industrial accidents to employees is properly borne by the industry. A somewhat similar philosophy underlies the demand for health insurance legislation now being concurrently urged in several states of the Union.
>
> A middle course theory reconciles this recent tendency as not out of accord with the ideals of individualism. It recognizes accidents, sickness, and death as capital hazards confronting each individual. Adequate provision for them by the individual is frequently impossible, even with great sacrifice and forcsight. . . . Yet, by cooperative action, the cost of such capital hazards may be shared and borne with slight difficulty. This assists rather than interferes with the maximum individual progress.

Moreover, the American Chamber of Commerce in Berlin which has had an opportunity to see health insurance in operation under government auspices declares that,

> Compulsory workmen's insurance has raised the working classes in Germany in respect to health, economy, and standing in the community, and it is clear that, with their aid only, Germany has maintained her position in the markets of the world. And furthermore, hundreds of thousands, now fighting on the field of battle for the fatherland, may trace their health and capacity to the timely and proper treatment received with the aid of sickness insurance.

Medical Profession Deeply Interested

The medical profession which is always profoundly affected by any thorough-going system of health insurance has perhaps taken a more active part in the movement in America than has either of the other two directly affected groups already mentioned. This alertness is perhaps due in large part to the manner in which the legislation was presented. Mindful of British experience where the physicians threatened to go on strike against the Lloyd George act (fearing lest their incomes be reduced but learning later in actual practice under the law that their incomes were measurably increased) the original drafters of health insurance bills in this country left the medical sections in merest outline and urged the doctors to suggest provisions acceptable to the medical profession. The American Medical Association immediately accepted the invitation in good spirit and appointed a committee of which Dr. Alexander Lambert is chairman and Dr. I. M. Rubinow executive secretary to investigate and report. Several valuable pamphlets have already appeared as a result of this expert committee's work, and at the annual convention of the American Medical Association in June, 1917, the House of Delegates adopted a resolution encouraging further work on the subject and instructing its Council on Health and Public Instruction to cooperate when possible "in the molding of these laws that the health of the community may be properly safeguarded and the interests of the medical profession protected." The resolution also outlined four legislative demands, the greater part of which are specifically met in the standard bill.[5]

Such sincere opposition as has come from physicians, and there is not a little of it, can be traced in very many instances to dissatisfaction with medical arrangements under workmen's compensation laws which in most states were enacted without the aid or special knowledge of the medical profession. There is, fortunately, ample evidence that medical men will not be caught napping when health insurance is enacted, and no less a leader than Surgeon General Rupert Blue in his address as president to the American Medical Association has declared: "Health insurance is the next great step in social legislation."

Selfish Opposition by Private Insurance Companies

Although the exclusion of the commercial insurance element from profiteering in social health insurance follows the tested experience of other countries, and is in line with an unmistakable American tendency as a result of practical experience here with workmen's compensation legislation, every effort to exclude such profiteering in these misfortunes of the wage-earners is met with vigorous and characteristically selfish opposition. It is not too much to say that nine-tenths of the opposition to social health insurance comes directly from men who are in the employ of private insurance companies. Anyone familiar with the private insurance propaganda of vilification against the public method of conducting workmen's compensation will, of course, not be misled by similar efforts to confuse the public regarding health insurance.

War Conditions Emphasize Need

Despite efforts of an interested opposition to throw sand in legislators' eyes there is no doubt about the growing conviction of the public that private insurance has proven itself woefully inadequate to meet the sickness problem and as a commercial venture places an unnecessarily heavy burden upon those least able to bear it. This conviction was already beginning to crystallize into legislation in time of peace. In time of war the needs of our industrial army, which constitutes our first line of defense, very greatly accentuate the urgency of a comprehensive program for the conservation of our human resources. As men are taken by war from shop and factory, those remaining must be kept fit to meet the increased demand for output. And as women enter industry in rapidly increasing numbers, the need becomes even more pressing for the protection afforded by universal health insurance, including maternity care.

[5] ". . . insist that such legislation shall provide for freedom of choice of physician by the insured; payment of the physician in proportion to the amount of work done; the separation of the functions of medical official supervision from the function of daily care of the sick, and adequate representation of the medical profession on the appropriate administrative bodies."

Existing protective standards for labor must be upheld in the interest of national effectiveness. But in addition to that we must make provisions for increasing still further the nation's productive power and the wellbeing of its workers. Healthy wage-earners are the foundation of national strength both in peace and war.

Unfamiliar work and intense effort due to industrial shifting required by war will increase the toll of sickness among wage-earners, particularly women, as it has in Europe. Workmen's compensation provides the stimulus for prevention of accidents. Under universal health insurance there would be similar efforts to prevent sickness. It is in the public interest to provide the machinery by which preventive measures against disease will be stimulated and adequate medical attention and cash benefits provided to tide the workers over sickness periods without distress and destitution. Health insurance is social justice. The responsibility for sickness is shared by industry, the worker, and the state, and all three will share in the benefits of public health.

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